



## **Social Advisory Group for Entrepreneurs “SAGE” Advising Opportunities**

*THANK YOU FOR YOUR INTEREST IN HELPING STARTUPS IN COLORADO*

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## WELCOME TO SAGE

320 East Vine Fort Collins, CO 80524

Dear ‘SAGE’ Advisor or Potential Advisor,

SAGE (Social and Advisory Group for Entrepreneurs) is an opportunity to share your wisdom with very early stage Colorado startups, keep your pulse on the region’s most promising entrepreneurs, assist Colorado’s state universities and the community in commercializing their research, and socialize with likeminded professionals.

SAGE has is an exclusive group of engaged technology-business executives who meet monthly to assist the region’s technology incubation effort in identifying early startup companies that would most benefit from additional incubation. The primary mission of SAGE is to provide promising early stage companies with advisory and mentoring assistance. SAGE advisors help startups prepare business strategies, develop go-to-market plans, refine their product definitions, etc. as the startups prepare themselves to seek funding, succeed, grow and/or meet the criteria for full Innosphere membership.

Each month a promising company will make a ‘pre-business-plan’ presentation to SAGE executive members. Following these presentations, promising startups will be given the opportunity to present to the larger SAGE membership where they will assess these entrepreneurial efforts and indicate a personal willingness to provide additional advice on an ongoing basis. The monthly meetings will be structured with networking time both before and after the formal presentation and feedback session. SAGE meetings are held monthly in both Fort Collins and Boulder. Fort Collins SAGE meetings are typically the 1<sup>st</sup> or 2<sup>nd</sup> Wednesday of each month from 8:00AM to 10:30AM at the Innosphere and Boulder SAGE meetings are typically the 3<sup>rd</sup> Wednesday of each month from 4:30PM to 7:00PM at the University of Colorado east campus. The SAGE meeting schedule is posted at <http://www.innosphere.org/sage-schedule>.

SAGE is an exclusive group. Limits and controls exist upon the membership. Members must have had success within their career in one or more disciplines. We are looking for members who can commit to being available to volunteer for 12 months or more, can attend at least a third of the meetings, can contribute perhaps 10 hours a month, and have an interest in getting closely aligned with one or more very early stage companies. Members are not permitted to ask for nor derive compensation for their initial 3-18 months or 48 hours of contribution. SAGE is not a good fit for job seekers, consultants looking for billable hours, or service providers seeking client leads or community networking.

Of course, confidentiality will be expected around the business concepts a SAGE member may encounter. And Startup Companies agree to hold harmless SAGE advisors. See more detail in the “SAGE Pledge” at the end of this document.

If SAGE interests you as a way to contribute to the Northern Colorado Community, read the remainder of this summary, fill out the application and advisor characterization form found at <http://www.innosphere.org/advisors>, and come learn more at our next meeting. We look forward to your participation.

Regards,

Doug Bartlett  
SAGE Advisor Membership Chairperson

## SAGE FAQ

**How are SAGE and the Innosphere related?** SAGE is a service of the Innosphere providing a means for volunteers and advisors to become involved with Colorado startup activities. When the Innosphere has additional needs for volunteers for other activities, SAGE members are highly visible and often called upon.

**How are SAGE, CSU and CU related?** Colorado State University and the University of Colorado are major supporters of the Innosphere. SAGE works closely with CSU and CU technology anchored companies and endeavoring to help them with commercial success.

**What are the Opportunities to Help Startups with Essential Services?** If you are interested in providing services – legal, financial, marketing, HR services and payroll, product design, software, then you are probably better served by the Innosphere’s service provider network. Most startups presenting at SAGE are 12 to 24 months from funding and therefore 12 to 24 months from any significant use of service providers. Contact the Innosphere staff and identify your interest in the service provider network.

**Do Later-Stage Startups Utilize SAGE?** A later stage startup is certainly welcome to benefit from the SAGE talent pool. But generally, by the time there is revenue – sales, grants, licensing income, angel investment, the startup company is further down their development lifecycle than the sweet spot for SAGE advising. A company at this later stage is typically filling advisory boards with peaked skills and/or looking for subject matter experts. The Innosphere does assist in matching these later stage startups to local talent by looking across the profiles SAGE volunteers.

**Does SAGE Provide Startups with Subject Matter Experts?** On rare occasions a SAGE volunteer is a subject matter expert for the company. It is far more common for SAGE to provide functional expertise – financial modeling, market sizing, licensing, channel planning.

**What Kind of Companies Engage SAGE?** The Innosphere and SAGE focus on startups within the Clean Energy, Bioscience and Technology arenas. SAGE client companies are typically very early stage. Generally, there is a founder working part time and few even more part time associates with some experience in business. A sampling of inventions include: Chemical Instrumentation, Project Management Software, Waste Water Treatment, Botanical, Hybrid Engines, Dairy Herd Health, Hand Held Scanners, and Open Source Backup.

**Have Any Student Companies Utilized SAGE?** Yes. About one Startup per year has a student as founder.

**Do Any Restaurants, Retail or Service Businesses Utilized SAGE?** No. These companies are not well matched to the skillset of SAGE advisors. When they inquire, they are referred to Small Business Development Center.

**Does SAGE Get Involved in Funding?** Not Directly. However, many SAGE members are networked to local Angel organizations and could be in position to make referrals. The company what does well with a SAGE presentation and subsequently works well with Advisors will likely develop a positive reputation that can only help with fund raising efforts.

### **When / Where does SAGE meet?**

Fort Collins: 1<sup>st</sup> or 2<sup>nd</sup> Wednesdays, 8:00AM-10:30AM in the Innosphere north conference room

Boulder: 3<sup>rd</sup> Wednesdays, 4:30PM – 7:00PM on the University of Colorado east campus

Refer to <http://www.innosphere.org/sage-schedule> for specific dates and locations.

**Are There any Educational Requirements to Become a SAGE advisor?** No. However you are encouraged to read the book “Trusted Advisor” by David Maister, Charles Green, & Robert Galford [ISBN 0-7432-1234-7]

**Does SAGE Ever Charge for Services?** No.

## SAGE PROCESSES and PROCEDURES

**Membership Process:** Membership in SAGE is initiated by contacting the SAGE membership chairperson or the Innosphere, or by submitting an online application.

**Mailing & Communication:** Membership in SAGE implies opting-in to member mailings of monthly meetings and to other Innosphere news and opportunities. Otherwise, your email and other contact information are not distributed – even to other members. Of course, entering an agreement to advise a startup company means your contact information will be given to the company. The Innosphere and SAGE make use of online meeting planning tools for meeting invitations and reservations, and forums within Constant Contact, Office365 and LinkedIn.com for communications amongst the group. You are encouraged to become a member of the Innosphere Group within LinkedIn

**Process to Get Involved with a Startup:** This is no doubt the reason you joined SAGE. The sequence of activities is likely to unfold as follows.

1. You hear the 20-30 minute presentation made by the startup company.
2. You contribute positively to the real-time feedback session in the second half of the meeting.
3. You fill out the advisor report provided at the meeting indicating an interest in advising further.
4. The startup company's SAGE meeting Coach will receive all the advisor reports, feedback flip charts, and interest expressed by individual advisors. The Coach will contact you to make the transition.
5. If there are multiple advisors, you are expected to coordinate your approach.
6. SAGE recommends that you edit/customize and execute an Advisor Engagement with the startup
7. Provide advice by building a trusted and helpful relationship with the startup company.
8. Complete a short monthly report on company and advisory progress.
9. Optionally, make a 5 minute report at the end of the 6 month engagement at a SAGE meeting.

**Legal:** SAGE has reviewed the legal protection options and opted for the light-weight approach typically used by VC's.

- Non Disclosures are not signed by SAGE prior to a company making a presentation. Advisors sign a pledge [See [Section 6](#)] which contains blanket non-disclosure. Advisors and companies are free to execute 1:1 whatever non-disclosure they feel appropriate for individualized advising.
- Hold Harmless wording absolving advice that happens to have unintended consequences is included in the startup company's invitation to present at a SAGE meeting. Similar wording is available and encouraged in the Advisor Engagement.
- Insurance coverage for SAGE activities has not been purchased.

## TYPICAL SAGE COMPANY MATURITY

SAGE works with very early stage startup companies having aspirations of quickly growing to serve global markets and have at their foundation some technology, patentable idea, or manufacturing process. SAGE usually does not work with businesses serving local/regional markets, ones without aggressive growth plans, or resellers.

If charted against a typical lifecycle continuum of:

*Concept → Business Plan → Operating Plan → Funding → Prototype Product & Customer → More Funding → Go to Market*  
SAGE typically engages with companies very early in the ‘Concept’ or ‘Business Plan’ stage. SAGE companies are predominantly pre-funding. SAGE companies are usually staffed by one or two part time founders who (out of necessity) have some other form of income (ex. full time job). SAGE companies usually have staffed just a single function, which is usually research/development. While SAGE companies may have a crude demonstration, it is unusual to see an evaluation prototype or an independent instance of customer validation.

The Founders who present at SAGE often believe that they are ready for funding. Unfortunately, many lack a functionally cohesive strategy. Advisors with experience in the startup world will quickly realize that these SAGE companies and their founders present far too much risk – derived from unknowns -- to attract investment. Some examples of the unknowns include:

Product Unknowns	Competing Alternatives Unknowns
Customer Acceptance Unknowns	Operational Details Unknowns
Market Revenues Unknowns	Unknown Ability to Focus
Unknown Founder Execution skill	Unknown Founder Leader and Manager Ability

The SAGE Advisor’s job in working with the Founders of the startup company is usually to identify a potentially winning strategy and then to chart a course to efficiently and systematically answer the unknowns. The SAGE Advisor’s challenges are usually first to get the Founders to accept the fact that others view the startup’s concept in a far more critical fashion than do the Founders and second to expand the Founder’s mental approach from euphoria over the dream to tenaciously addressing reality. Advisors frequently make use of the Business Model Canvas to help the Founders balance their time and address all critical business success factors.

Experience with dozens of SAGE advised early stage startup companies has shown that it is a minimum of 12 months to first round funding. Most have not yet achieved a funding milestone. Without funding, there is no means to directly compensate Advisors after a SAGE engagement or to pay for useful services (legal, marketing, accounting, etc). Because there is little likelihood of funding – even for 2 or 3 years -- SAGE Advisors are contributing for the good of the community and not for any potential gain.

Startup companies that present at SAGE are often either an

APPLICATION ANCHORED COMPANY with a well formulated problem statement shaped by the founders own life experiences. They have the idea sketched out. The founders’ cumulative investment in the startup may only be a hundred hours or less of spare time ideation.

or a

TECHNOLOGY ANCHORED COMPANY with a novel (and frequently patented) core technology. Companies of this nature have significant investment in intellectual assets accumulated over thousands of hours of work. The challenge is to apply this intellectual capital profitably and expeditiously to a significant enough market opportunity. Often the founder can imagine multiple or numerous problems for which their technology can anchor a solution.

In both cases, the founder may have top-of-mind optimistic estimates of the costs and value of their solution. Likely they have no experience to draw upon to validate the estimates. Likely they have no proforma of market size, penetration rate, time to positive cash flow, and time to investment recovery. Likely their vision of a “whole-solution”

is just 10-20 percent complete even for an early-adopter customer. They may also believe that without much incremental resource all solution spaces can be addressed at the same time so there is no need to focus.

As companies mature, the nature of the Advisor's job changes. As described above, advising early startups means helping the company to select its strategy and then charting a course to answer the unknowns. Once funding is achieved, there are opportunities for additional advising, focused more on excellence in execution and drawing upon functional expertise. The Innosphere helps companies form these advisory boards and frequently looks to SAGE membership.

## LEVELS OF ADVISING

The word “Advisor” can mean different things to different people. To help articulate the potential SAGE member’s understanding of the intended target meaning of “Advisor” the following comparison is provided. Four levels of increasing involvement with a startup company are identified. Level 2 is the target for SAGE member Advisors.

1. Meeting Attendee: The lowest level of involvement is the SAGE member who comes to the monthly meetings and constructively participates in the group advising discussion. The time required for this level of involvement is about 3 hours per month. SAGE members participating at this level will be encouraged to identify with a company and become more involved.
2. SAGE Advisor: The target level of involvement is where the SAGE member identifies with a startup company and commits to providing up to 48 hours spread over 3 to 18 months. The SAGE Advisor suggests areas to address that are critical to overall success. See previous section for examples. The SAGE Advisor also privately monitors the company’s ‘velocity’ – the speed at which the company makes progress toward commercialization.

A SAGE Advisor rarely receives feedback that their advice has been heeded. And the SAGE Advisor will most likely experience periods where the startup company founders are unresponsive. The result is often a feeling of low satisfaction on the part of the Advisor. Experience with multiple startup companies over longer time periods has shown that startup company founders are indeed listening and the periods of unresponsiveness correlate to founder activity addressing the very things that SAGE Advisors have recommended. The Founder’s execution can be slower than the Advisor expected because: first the recommendations are outside the natural competency of the Founder and second: the Founder is also responsible for continuing development of the core of the business.

3. Committed Player: The SAGE Advisor is free to become more involved with the startup company and assist the founder in actually “doing” some of the work often identified as advice is delivered. Indeed, the Advisor’s natural competencies may align much better than the Founder’s natural competencies to the recommended tasks. Such situations might develop in areas of Marketing, Finance, Operations Planning, Business Development, etc. The time involvement could grow to 20 to 40 hours a month and extend over a few years. Such arrangements are clearly beyond the SAGE commitment and therefore the SAGE Advisor may negotiate a separate compensation agreement. Committed Player arrangements are challenged by the startup company’s ability to compensate (precious cash reserves lead to deferred compensation which may or may not materialize) and by the Founder’s willingness, ability, and available time to delegate. Of course SAGE encourages its member advisors to contribute in whatever ways can assist promising startup companies.
4. Officer: Joining the startup company’s management team represents an even higher level of involvement. Time involvement could grow to full time. Such arrangements are clearly beyond the SAGE commitment and therefore the SAGE Advisor may negotiate a separate compensation agreement.



## SAGE Pledge

Dear SAGE Member:

Thank you very much for committing your entrepreneurial expertise to SAGE on behalf of the Innosphere. We are extremely pleased that you will be sharing your talents with our early stage startup companies in Northern Colorado.

SAGE is a group of interested area business people who come together to assist the Innosphere in advising companies that might benefit from the guidance of experienced professionals and/or the Innosphere's other services. The primary mission of SAGE is to provide select early stage companies with advisory and mentoring assistance.

When a new company presents itself to the Innosphere for membership consideration, SAGE may act as an initial screening venue. The process will begin with a presentation to SAGE, where the prospective company will have an opportunity to present its business plan and strategy. Out of this meeting SAGE will make a determination of how (or if) to move forward with the presenting company.

The mission of SAGE can only be fulfilled through active volunteers willing to contribute both time and energy. By joining SAGE, you are pledging a 12-month commitment during which time you will attend at minimum 1/3 of the scheduled meetings and will actively seek to engage as a mentor/advisor with a minimum of one early stage company.

SAGE members are expected to offer mentoring/advising of early stage companies for up to 48 hours over 3 to 18 months on a pro-bono basis. During your ongoing mentoring/advising period and during the regular company presentations you will attend, SAGE members pledge their timely, honest, and robust inputs in all aspects of the SAGE program including the feedback forms for initial evaluation and progress reports of mentor/advisor activity.

At these meetings, you may be privy to information that is central to the strategy and business plan of these companies. By signing this pledge, you hereby agree that information disclosed during SAGE meetings will only be used in fulfilling SAGE group obligations, that you will be respectful of the content that is presented to you in your capacity as a SAGE member, and that you will act at all times in a professional manner when it comes to sensitive information.

Again, thank you very much for sharing our mission to develop more successful technology based companies in Northern Colorado.

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Signed

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Name

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Date